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C O N F I D E N T I A L SECTION 01 OF 02 JERUSALEM 000811

SIPDIS

NEA FOR FRONT OFFICE AND IPA. NSC FOR SHAPIRO/KUMAR

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TAGS: [IS](#) [KPAL](#) [KWBG](#) [PGOV](#) [PHUM](#) [PREL](#) [PTER](#) [UK](#)
SUBJECT: SHEPHERD HOTEL PLANS SUSPENDED, BUT THE
MUNICIPALITY SAYS IT WILL MOVE FORWARD

REF: A. TEL AVIV 1072
[B.](#) JERUSALEM 565
[C.](#) TEL AVIV 1033

Classified By: Consul General Jake Walles, per reasons 1.4 (b) and (d)

[¶](#)1. (C) Summary. The head of the Jerusalem Municipality Department of Building, Licensing, and Enforcement told PolOff May 7 that plans for the construction of two new Israeli apartment buildings on the Shepherd Hotel property in East Jerusalem are set to be approved by the Licensing Committee within a month, despite USG and UK requests not to approve the plans. He said the developers have strictly followed zoning codes, and the Municipality has no reason to prevent the construction. A representative of Ir Amim said the Municipality Preservation Committee could suspend the plans because they call for the demolition of portions of the historic building. End Summary.

MUNICIPALITY: CONSTRUCTION AT SHEPHERD
HOTEL MEETS CODE, HARD TO DELAY

[¶](#)2. (C) The head of the Jerusalem Municipality Department of Building, Licensing, and Enforcement, Tzachi Katz, told PolOff May 7 that the would-be developers of the Shepherd Hotel site have followed municipal zoning codes, and that the Municipality has no reason to delay the process any longer. He said the Licensing Committee is waiting for a response from the Municipality's Preservation Committee -- the last remaining bureaucratic step -- before approving the plans and issuing a construction license. The Shepherd Hotel building is slated for preservation, Katz said, which means that the Preservation Committee has 45 days to weigh in on whether the plan preserves the building's integrity. Katz said this period expires around the end of May, which will make it hard for Mayor Barkat to justify delaying approval much longer.

[¶](#)3. (C) Katz shared the developer's plan for the Shepherd Hotel neighborhood, which showed that the hotel wing and entrance foyer of the existing structure will be demolished to restore the building to its original size. Katz said the additional wings are not slated for preservation, so they can be removed. Two two-story apartment buildings with a total of 20 units will be constructed north and northwest of the diminished hotel. Neither building would be taller than the existing building. The original building will be used for "an unspecified purpose," Katz said, adding that any changes to the building need to be approved by the Preservation Committee. The apartment buildings will have underground storage and parking space. Katz said he is unable to share the name of the owner of the land, or the developer, although other contacts have previously said that American millionaire Irving Moskowitz is the owner and that the settler organization Ateret Cohanim is involved in the planning.

IR AMIM SEEKING TO PREVENT CONSTRUCTION

¶ 14. (C) Jerusalem attorney Danny Seidemann, co-founder of the Jerusalem-based NGO Ir Amim, told PolOff May 15 that Barkat and Katz are probably using the Preservation Committee as an excuse to delay licensing the project, given that PM Netanyahu had reportedly requested that Barkat remove the Shepherd Hotel from the Licensing Committee's agenda for recent meetings. (Note: ConGen heard from the British Consulate General in Jerusalem on May 8 and later from Seidemann that Netanyahu asked Barkat to delay licensing the project until after his visit to the U.S. in May (see ref A). End note.) Seidemann, who had not spoken to Katz, said his source at the Municipality relayed this information, adding that the Shepherd Hotel will be on the Committee's agenda again within a month. He said he is looking for any pretext to prevent construction there. Seidemann and Katz both told PolOff in separate conversations that, if Mayor Barkat continues to delay the licensing, the owner of the property will take the Municipality to court to force movement.

¶ 15. (C) Sarah Kreimer, Associate Director of Ir Amim, told PolOff May 6 that the Municipality's Preservation Committee has the power to halt construction of the Shepherd Hotel project if its members determine that the plan does not preserve the historic nature of the building. Kreimer said she had heard hints from the Municipality that the Committee is delaying its response, but that the Committee would be forced to act when its time ran out. After that, she said, only political pressure can postpone the licensing approval.

¶ 16. (C) COMMENT: Recent events have demonstrated that the
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GoI is able to influence the Municipality on this issue, and the Municipality is able to find reasons to delay approval if it wants. Raising the issue with PM Netanyahu during his upcoming visit to Washington may be the best way to keep this project from moving forward.

WALLES